

Small Business Utilization Council Meeting

MINUTES OF REGULAR MEETING

May 5, 2008

No. 1 Capitol District Building – Conference Room 436

1. Call to Order – Vice Chair Saito called the meeting to order at 1:12 p.m., with a meeting quorum present but without a voting quorum. Everyone in the meeting introduced themselves and stated where they work.

MEMBERS PRESENT:

- Russ K. Saito
- Kalbert Young
- William Takaba
- Mary Patricia Waterhouse
- Aaron Fujioka

ATTENDEES:

- Andrew Poepoe
- Pat Ohara
- Justin Fo
- Karen Iwamoto
- Robert Shore
- Dori Palcovich

ABSENT MEMBERS:

- Theodore E. Liu
- Brennon Morioka
- Wallace Rezentes, Jr.

2. Approval of March 3, 2008 and April 7, 2008 Minutes – The members reviewed the minutes; approval was deferred until the June 2, 2008 meeting.
3. Discussion from members of ideas for sectors and or geographic areas for potential set-asides – Vice Chair Saito stated that the Department of Business, Economic Development and Tourism (DBEDT) is in the best position to help this Council focus on areas where State agencies can develop small business set-asides and subcontracting. Mr. Robert Shore, Branch Chief in DBEDT's Research and Economic Analysis Division (READ), distributed and discussed the handout entitled "Firms, Employees and Wages in 'Target' Industries by Employment Size Categories, 2006 Data." He explained that the handout illustrates examples of available data in areas such as computer systems design and related services, scientific research and development services, residential remodelers, building finishing contractors and other industries; data was provided by the Department of Labor. Upon review of the data, Vice Chair Saito explained that this Council would like to be provided certain small business categories that DBEDT would like to suggest to this Council to consider for set-asides and subcontracting. Mr. Shore then explained that there are quite a few emerging or growth industries that READ is currently reviewing and distributed the handout entitled, "Targeted Clusters for Economic Development by State & Local Economic Developments Boards." Although the State does not have a list of official emerging or targeted industries, the State and the Counties have expressed an interest in quite a number of industries.

Vice Chair Saito stated that in creating set-asides and subcontracting requirements, the State will use its purchasing power to encourage the development of small businesses. He noted that in reviewing the data presented by READ, while the information falls into interesting categories, aside from information systems, it is not necessarily in categories in which the State procures. He questioned whether DBEDT could provide an analysis regarding a secondary effect of the State procurement purchasing power as it relates to purchasing certain types of goods and services. Mr. Shore explained that READ's input/output model, which looks at how transactions from one industry to another travel through the economy and impact other industries, may assist in providing such information. Vice Chair Saito further stated that this Council would like to be provided suggestions of certain small business categories, or even one category at a time, for set-asides. In response, Mr. Shore indicated that READ would be able to provide data

relating to small businesses' major purchases for categories such as from the computer systems and information technology areas. In a subsequent Council meeting, Vice Chair Saito stated that he would like to have the members vote on areas to target that are recommended by DBEDT. Based on this information, it will be the intent of the Council members to recommend a specific set-aside to present to the Procurement Policy Board for approval.

Member Fujioka indicated that the information technology area has grown considerably over the past few years, and many skills have developed throughout that industry. Mr. Poepoe explained that the SBA qualifies small business by size standards. For example, the SBA has a \$3.5 million limitation on small business set-asides and if it goes above the threshold amount, the SBA will proceed to another source; manufacturing set-asides are a bit higher. He further stated that while there are numerous skills in the various fields, it boils down to the financial capability of the business; a construction company would need to be bonded and a service company's qualifications would depend on what it brought to the table.

4. Discussion of Administrative Directive / Support of small business set-asides and subcontractors – Vice Chair Saito stated that there is text currently being drafted that will be forwarded to the Governor's Office announcing that the State's Administration is able to begin creating set-asides and small business subcontracting. This information will either be in an Administrative Directive format or an Executive Order format. He also stated that this Council will want and expect the Counties to take a similar approach.
5. Public Input and Discussion – There was no public input.
6. Next Meeting: Monday, June 2, 2008, No. 1 Capital Building, Room. 436, 1:00 to 3:00 p.m.
7. Adjournment – Vice Chair Saito adjourned the meeting at 1:43 p.m.